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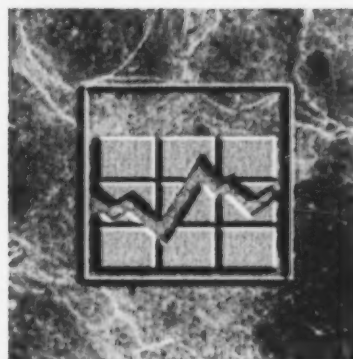
## Research Paper

# Low Income Cutoffs from 1992 to 2001 and Low Income Measures from 1991 to 2000

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## **Low Income Cutoffs from 1992 to 2001 and Low Income Measures from 1991 to 2000**

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## Abstract

Statistics Canada has been publishing data on low income Canadians for more than 30 years. In the past, these measures were published separately in: *Low income cutoffs (LICO's)* (13-551-XPB) and *Low income measures, low income after-tax cutoffs and low income after-tax measures* (13F0019-XPB). Henceforth, all these measure will be incorporated in this publication.

As well as the various cutoffs, this publication incorporates a detailed description of the methods used to arrive at them. There is also an explanation of how base years are defined, and how the cutoffs are updated using the Consumer Price Index.

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## Introduction

Statistics Canada has been publishing data on low income Canadians for more than 30 years. At first, only one measure was published: the low income cutoff, or LICO. Later, after-tax low income cutoffs were also published, but did not receive much attention because they were released after the before-tax cutoffs. In the early 90s, following the practice of many international organizations, Statistics Canada began to publish before- and after-tax low income measures, or LIMs. In the past, these measures were published separately in: Low income cutoffs (LICO's) (13-551-XPB) and Low income measures, low income after-tax cutoffs and low income after-tax measures (13F0019-XPB). Henceforth, all these measure will be incorporated in this publication.

As well as the various cutoffs, this publication incorporates a detailed description of the methods used to arrive at them. There is also an explanation of how base years are defined, and how the cutoffs are updated using the Consumer Price Index.

The four low income measures produced by Statistics Canada give different cutoffs and thus different rates, which can be confusing for the user. Numerous organizations and media tend to use one or other of these measures to gauge poverty in Canada, Statistics Canada urgings notwithstanding (see the note discussing poverty and low income, at the end of this document). Neither low income cutoffs nor low income measures were designed to measure poverty; at most, they were meant to show to what extent some Canadians are less well-off than others. Since opinions are divided as to what constitutes economic difficulties (just as they are over the meaning of "poverty"), Statistics Canada has decided to measure it in several ways, hence the four different measures.

Although they differ in the way they express the adequacy of individual and family income, all these measures are relative indicators of low income. The low

income cutoffs are relative measures in that whenever a new base is established, the calculation of the cutoff changes to reflect changes in the spending patterns of Canadians. If we compare LICOs using the same base, we have a near-absolute measure, or at least one that is stable over time. LIMs, on the other hands, are always relative, since they are based on median income, which varies from year to year. Both measures are indicators – albeit imperfect ones – of one form or another of economic difficulties.

## **Low income cutoffs**

LICOs are used to distinguish “low income” family units from “other” family units. A family unit is considered “low income” when its income is below the cutoff for its family size and its community. A family at or above the cutoff falls into the “other” category.

LICOs are set according to the proportion of annual family income spent on food, shelter and clothing. A new base year for LICOs is adopted from time to time; in other words, the cutoffs are adjusted to reflect more recent available data on family spending patterns.

Statistics Canada is currently using LICOs based on 1992 family spending data. Each year, LICOs are updated to allow for inflation as reflected in the Consumer Price Index (CPI). Therefore, price changes are taken into account, but spending patterns that have developed since 1992 are not reflected in LICOs or in related low income rates.

### ***How are low income cutoffs calculated?***

A LICO is an income threshold below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than an average family would. When the cutoff was first established on the basis of the 1959

Family Expenditures Survey (FAMEX), an average family spent 50% of its pre-tax income on these necessities. Twenty points were added to this percentage on the assumption that a family spending 70% of its income on those items would be "in strained circumstances". This 70% threshold was then converted into a set of LICOs varying with family and community size.

Since LICOs were introduced, family income has grown and the proportion of income allocated to necessities has fallen. Cutoffs are defined on the basis of average family expenditures, and have been updated periodically to match current spending patterns. The most recent base for LICOs is the 1992 Family Expenditures Survey, which showed that the average family spent 44% of its after-tax income on food, shelter and clothing.

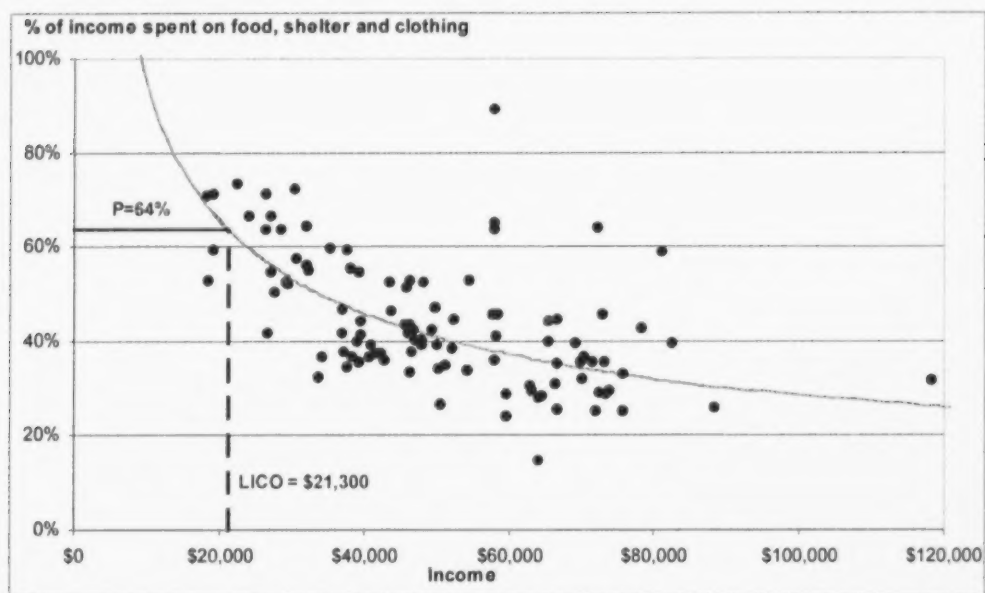
Figure 1 shows the calculation of a LICO using the example of a family of four living in an urban community with a population between 30,000 and 99,999. The 64% line represents the average proportion of after-tax income that all families (regardless of size) spent on food, shelter and clothing in 1992, plus the 20 percentage point margin. The dots on the chart show the actual observed proportion of income spent by four-person families in medium-sized cities on necessities, according to the 1992 FAMEX. A regression line is calculated, based on relationship between spending and income. The intersection of the 64% line and the regression line corresponds to a low income cutoff of about \$21,300.

This process is carried out for seven family sizes<sup>1</sup> and five community sizes. Combining these gives a matrix of 35 cutoffs. This operation is done twice: once for before-tax cutoffs, once for after-tax cutoffs.

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<sup>1</sup> Note that in the calculation of LICOs, contrary to the LIMs, no distinction is made by age of family members.

**Figure 1**  
**Calculation of an After-Tax LICO**



#### *New base year for LICOs*

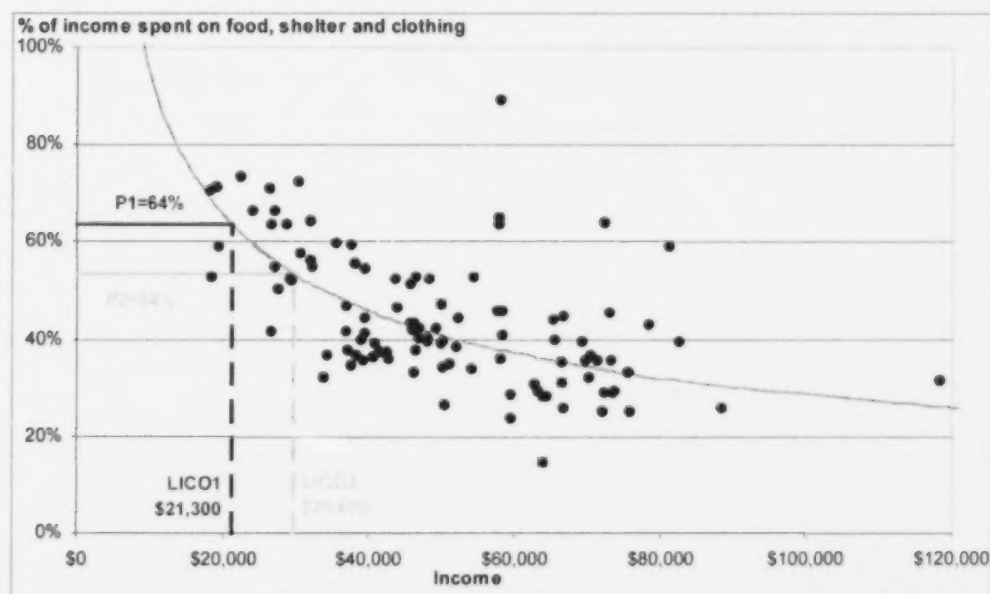
Since LICOs were first established, the average proportion of income allocated to food, shelter and clothing has fallen considerably. From time to time, a new base year has been adopted, so that LICOs will continue to reflect average family expenditure on the necessities. In addition to the 1992 base, LICOs have been based on the 1986, 1978, 1969 and 1959 Family Expenditure Surveys.

All other things being equal, when average income rises and the proportion of income spent on necessities falls, LICOs rise. This relationship, which emphasizes that LICOs are a relative measure of income inequality, is shown in figure 2.

Figure 2 may be explained as follows: suppose the percentage of income spent on necessities is 44%. According to the standard LICO calculation, 20 percentage points are added to this, so that P1 equals 64%. The LICO is obtained by following the P1 = 64% line to the regression line drawn through the actual observed proportions of family income spent on necessities (in this case, by families of four in medium-sized cities). The LICO is about \$21,300.

Let us now suppose that average income rises and the proportion spent on necessities falls to 34%. (Such a change would normally occur over a long period; we use it here solely for purposes of illustration.) As before, we add 20 percentage points to obtain 54%. The LICO corresponding to this new proportion is about \$29,600. The LICO rises because the proportion of income spent on the necessities has fallen. (Reality is more complicated, because the entire curve would also move, but this example illustrates the point.)

**Figure 2**  
Effect on the LICO of a fall in the proportion of income spent on food, shelter and clothing.



Based on this description, it is not surprising that LICOs have risen over time. When the base year changed from 1986 to 1992, however, the impact on LICOs was relatively slight. Table 1 compares the 1992 base after-tax LICOs with the 1986 one.

**Table 1 : Comparison of LICOs, 1992 base vs. 1986 base (after tax)**

| Ratio of 1992 base LICOs to 1986 base LICOs after tax |             |                   |                  |                    |                  |
|-------------------------------------------------------|-------------|-------------------|------------------|--------------------|------------------|
| Community size                                        |             |                   |                  |                    |                  |
| Size of family unit                                   | Urban areas |                   |                  |                    |                  |
|                                                       | Rural areas | Less than 30,000* | 30,000 to 99,999 | 100,000 to 499,999 | 500,000 and over |
| 1                                                     | 1.07        | 1.05              | 1.03             | 1.02               | 1.04             |
| 2                                                     | 0.96        | 0.95              | 0.93             | 0.92               | 0.93             |
| 3                                                     | 0.94        | 0.92              | 0.91             | 0.90               | 0.91             |
| 4                                                     | 0.99        | 0.98              | 0.96             | 0.95               | 0.97             |
| 5                                                     | 1.02        | 1.00              | 0.99             | 0.98               | 0.99             |
| 6                                                     | 1.06        | 1.04              | 1.02             | 1.01               | 1.03             |
| 7 and more                                            | 1.09        | 1.07              | 1.05             | 1.04               | 1.06             |

### *Updating of LICOs without changing the base year*

LICOs are updated by applying the CPI for the current year to the LICO for the reference year 1992<sup>2</sup>, using the following formula:

$$\text{Lico}_y = \text{lico}_b \times \frac{I_y}{I_b} \quad \text{where}$$

$\text{Lico}_y$  is the cutoff for the year  $y$ ;

$\text{lico}_b$  is the cutoff for the Lico base year  $b$ ;

$I_y$  is the CPI for the year  $y$ ;

$I_b$  is the CPI for the Lico base year  $b$ .

Before 1998, the 1981-based CPI was used for annual updates of the LICO. For 1998 onwards, the 1992-based CPI was used.

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<sup>2</sup> LICOs for years prior to 1999 were updated by applying the CPI for the current year to the LICO for the previous year, according to the following formula:

$$\text{Lico}_y = \text{Lico}_{y-1} \times \frac{I_y}{I_{y-1}} \quad \text{where:}$$

$\text{Lico}_y$  is the cutoff for the current year  $y$

$\text{Lico}_{y-1}$  is the cutoff for the previous year  $y-1$

$I_y$  is the CPI for the current year  $y$

$I_{y-1}$  is the CPI for the previous year  $y-1$

**Table 2 : The 1992-based Consumer Price Index (CPI)**

| <b>Year</b> | <b>CPI</b> | <b>Year</b> | <b>CPI</b> |
|-------------|------------|-------------|------------|
| <b>1980</b> | 52.4       | <b>1991</b> | 98.5       |
| <b>1981</b> | 58.9       | <b>1992</b> | 100.0      |
| <b>1982</b> | 65.3       | <b>1993</b> | 101.8      |
| <b>1983</b> | 69.1       | <b>1994</b> | 102.0      |
| <b>1984</b> | 72.1       | <b>1995</b> | 104.2      |
| <b>1985</b> | 75.0       | <b>1996</b> | 105.9      |
| <b>1986</b> | 78.1       | <b>1997</b> | 107.6      |
| <b>1987</b> | 81.5       | <b>1998</b> | 108.6      |
| <b>1988</b> | 84.8       | <b>1999</b> | 110.5      |
| <b>1989</b> | 89.0       | <b>2000</b> | 113.5      |
| <b>1990</b> | 93.3       | <b>2001</b> | 116.4      |

*After-tax LICOs*

The average portion of income that families spend on food, shelter and clothing, which figures prominently in the low income cutoffs, is undoubtedly a useful gauge of economic well-being no matter which income concept is used. The choice of after-tax income or total income – or even market income for that matter – depends on whether one wants to take into account the added spending power that a family gets from receiving government transfers and its reduced spending power from paying taxes.

In the past, Statistics Canada has produced two sets of low-income cutoffs and corresponding rates – those based on total income (i.e. income including government transfers, before the deduction of income taxes) and those based on after-tax income. The total income rates, called “before-tax rates”, were better

known, mainly because the survey production cycle made them available earlier than the after-tax rates.

Starting with the publication of data for 1998, the two sets of rates are available simultaneously. This choice to highlight after-tax rates was made for two main reasons.

First, income taxes and transfers are essentially two methods of income redistribution. The before-tax rates only partly reflect the entire redistributive impact of Canada's tax/transfer system, by including the effect of transfers but not the effect of income taxes. Second, since the purchase of necessities is made with after-tax dollars, it is logical to use people's after-tax income to draw conclusions about their overall economic well-being.

A note about the calculation of before-tax versus after-tax low-income cutoffs: the derivation of each set of cutoffs is done independently. There is no simple relationship, such as the average amount of taxes payable, that distinguishes the two levels. Instead, the entire calculation of cutoffs is done twice – both on a before-tax basis and on an after-tax basis.

#### *Differences in after- and before-tax rates*

After-tax low income cutoffs, and the resulting after-tax rates, have been published back to 1980. The number of people falling below the cutoffs has been consistently lower on an after-tax basis than on a before-tax basis. This result may appear inconsistent at first glance, since income after-tax cannot be any higher than they are before-tax, considering that all transfers, including refundable tax credits, are included in the definition of "before-tax" total income. However, with a relative measure of low income such as the LICO, this result is to be expected with any income tax system which, by and large, taxes those with more income at a higher rate than those with less. "Progressive" tax rates, as they are often called,

make the distribution of income more compressed. Therefore, some families that are in low income before taking taxes into account are relatively better off and are not in low income on an after-tax basis.

## **Low income measures**

The low income measure (LIM) is a fixed percentage (50%) of median adjusted family income, where "adjusted" indicates that family needs are taken into account. Adjustment for family sizes reflects the fact that a family's needs increase as the number of members increases. Most would agree that a family of five has greater needs than a family of two. Similarly, the LIM allows for the fact that it costs more to feed a family of five adults than a family of two adults and three children.

LIMs have been published by Statistics Canada since 1991 and are available back to 1980. In this report, LIMs up and including 1995 have been produced by the Survey of Consumer Finances (SCF). From 1996 onward, the LIMs have been based on the Survey of Labour and Income Dynamics (SLID). As table 3 shows, there is a difference of about 1%, during the two years in which the surveys overlapped and SLID was at full sample.

**Table 3****Difference between SLID and SCF based 1996 and 1997 LIMs, before, and after-tax**

|                             | SLID     | SCF      | SLID/SCF |
|-----------------------------|----------|----------|----------|
| One adult, 1996, after-tax  | \$10,776 | \$10,662 | 1.011    |
| One adult, 1996, before-tax | \$12,737 | \$12,652 | 1.007    |
| One adult, 1997, after-tax  | \$11,006 | \$10,864 | 1.013    |
| One adult, 1997, before-tax | \$13,013 | \$12,914 | 1.008    |

*Adjustment for family size*

When comparing family incomes to study such things as income adequacy or socio-economic status, one often wants to take the family size into account. The income amount itself is not sufficient to understand a family's financial well-being without knowing how many people are sharing it. Two approaches have been used to help with the analysis of family income. One is to produce data by detailed family types, so that within a given family type, differences in family size are not significant. In fact, many income measures have been crossed by detailed family types in the published tables.

The other way to take into account family size is to adjust the income amount, for the purposes of analysis only. The major challenge of this approach is to select an appropriate adjustment factor. It can be argued, however, that some adjustment is better than none.

The simplest method is to use per capita income, that is, to divide the family income by the family size. A limitation of per capita income, however, is that it tends to underestimate economic well-being for larger families as compared to smaller families. This is due to the fact that it assumes equal living costs for each

member of the family, but some costs, primarily those related to shelter, decrease proportionately with family size (they may also be lower for children than for adults). For example, the shelter costs for an adult married couple with no children are arguably not much more than those for an adult living alone.

To take such economies of scale into account, it is common to use an "equivalence scale" to adjust family incomes. Instead of implicitly assuming equal costs for additional family members as the per capita approach does, the equivalence scale is a set of decreasing factors assigned to the first member, the second member, and so on. The adjusted income amount for the family is derived by dividing the income value by the sum of the factors assigned to each member.

There is no single equivalence scale in use in Canada. The one used in the published income tables and in concepts such as the low income measure (LIM) has, however, achieved a high degree of acceptance. In this equivalence scale, the factors are as follows:

- the oldest person in the family receives a factor of 1.0;
- the second oldest person in the family receives a factor of 0.4;
- all other family members aged 16 and over each receive a factor of 0.4;
- all other family members under age 16 receive a factor of 0.3.

For example, a couple without children or a single-parent family with one child both have a conversion factor of 1.4. The families are the same size, but differ in composition. However, they rate the same conversion factor, reflecting the assumption that the same level of income will be required to support the same standard of living.

The next example shows that it does not always work out this way. The equivalence factor is 2.6 for a family of five adults whereas for a family of two adults and three children, it is 2.3. This reflects the fact that grown children cost

more than young children. In 1998, the after-tax LIM for the first family was \$29,658, and for the second, it was \$26,236.

**Table 4**  
**Equivalence scale for the calculation of the LIM**

| <b>Family composition</b>                                    | <b>Conversion factor</b> |
|--------------------------------------------------------------|--------------------------|
| <b>One adult</b>                                             | 1.0                      |
| <b>Two adults / One adult, one child</b>                     | 1.4                      |
| <b>Three adults</b>                                          | 1.8                      |
| <b>Two adults, one child / One adult, two children</b>       | 1.7                      |
| <b>Four adults</b>                                           | 2.2                      |
| <b>Three adults, one child</b>                               | 2.1                      |
| <b>Two adults, two children / One adult, three children</b>  | 2.0                      |
| <b>Five adults</b>                                           | 2.6                      |
| <b>Four adults, one child</b>                                | 2.5                      |
| <b>Three adults, two children</b>                            | 2.4                      |
| <b>Two adults, three children / One adult, four children</b> | 2.3                      |
| <b>Six adults</b>                                            | 3.0                      |
| <b>Five adults, one child</b>                                | 2.9                      |
| <b>Four adults, two children</b>                             | 2.8                      |
| <b>Three adults, three children</b>                          | 2.7                      |
| <b>Two adults, four children / One adult, five children</b>  | 2.6                      |

***How are LIMs calculated?***

The procedure is as follows:

- (i) Determine the "adjusted size" of each family (The first person is counted as 1.0 and the second person is counted as 0.4, regardless of age. Additional adults count as 0.4 and additional children count as 0.3.);

- (ii) calculate "adjusted family income" for each family by dividing family income by "adjusted family size";
- (iii) determine the median "adjusted family income" that is the "adjusted family income", such that half of all families will be above it and half below;
- (iv) the LIM for a family of one person is 50% of the median "adjusted family income", and the LIMs for other kinds of family are equal to this value times their "adjusted family size";
- (v) repeat the calculation for each year for which LIMs are to be established.

#### ***After-tax LIMs***

As with LICOs, the derivation of each set of cutoffs is done independently. There is no simple relationship, such as the average amount of taxes payable, that distinguishes the two levels. Instead, the entire calculation of cutoffs is done twice – both on a before-tax basis and on an after-tax basis.

**Tables : Low income cutoffs (1992 base) 1992 to 2001**  
**After-tax**

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**Low income cutoffs (1992 base) 1992 to 2001 AFTER-TAX**

| Size of family unit | Community size |             |         |         |          |
|---------------------|----------------|-------------|---------|---------|----------|
|                     | Rural areas    | Urban areas |         |         |          |
|                     |                | Less than   | 30,000  | 100,000 | 500,000  |
|                     |                | 30,000 *    | to      | to      | and over |
|                     |                | 99,999      | 499,999 |         |          |
| 1992                |                |             |         |         |          |
| 1 person            | 8 764          | 10 130      | 11 086  | 11 260  | 13 367   |
| 2 persons           | 10 694         | 12 361      | 13 527  | 13 739  | 16 311   |
| 3 persons           | 13 526         | 15 634      | 17 109  | 17 377  | 20 630   |
| 4 persons           | 16 846         | 19 472      | 21 309  | 21 643  | 25 694   |
| 5 persons           | 18 829         | 21 763      | 23 816  | 24 190  | 28 718   |
| 6 persons           | 20 812         | 24 054      | 26 323  | 26 737  | 31 742   |
| 7 or more persons   | 22 795         | 26 345      | 28 830  | 29 284  | 34 766   |
| 1993                |                |             |         |         |          |
| 1 person            | 8 924          | 10 315      | 11 289  | 11 466  | 13 611   |
| 2 persons           | 10 889         | 12 587      | 13 774  | 13 990  | 16 609   |
| 3 persons           | 13 773         | 15 920      | 17 422  | 17 695  | 21 007   |
| 4 persons           | 17 154         | 19 828      | 21 698  | 22 039  | 26 164   |
| 5 persons           | 19 173         | 22 161      | 24 251  | 24 632  | 29 243   |
| 6 persons           | 21 192         | 24 494      | 26 804  | 27 226  | 32 322   |
| 7 or more persons   | 23 212         | 26 827      | 29 357  | 29 819  | 35 401   |

\*Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

**Low income cutoffs (1992 base) 1992 to 2001 AFTER-TAX**

| Size of family unit                                                                                 | Community size |             |        |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |        |         |          |
|                                                                                                     |                | Less than   | 30,000 | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to     | to      | and over |
|                                                                                                     |                |             | 99,999 | 499,999 |          |
| <b>1994</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 8 940          | 10 333      | 11 309 | 11 486  | 13 635   |
| 2 persons                                                                                           | 10 908         | 12 609      | 13 798 | 14 014  | 16 638   |
| 3 persons                                                                                           | 13 797         | 15 948      | 17 452 | 17 726  | 21 043   |
| 4 persons                                                                                           | 17 184         | 19 862      | 21 736 | 22 077  | 26 209   |
| 5 persons                                                                                           | 19 206         | 22 199      | 24 293 | 24 675  | 29 294   |
| 6 persons                                                                                           | 21 229         | 24 537      | 26 851 | 27 273  | 32 378   |
| 7 or more persons                                                                                   | 23 252         | 26 874      | 29 408 | 29 871  | 35 462   |
| <b>1995</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 9 136          | 10 560      | 11 557 | 11 738  | 13 934   |
| 2 persons                                                                                           | 11 148         | 12 886      | 14 101 | 14 322  | 17 003   |
| 3 persons                                                                                           | 14 100         | 16 298      | 17 835 | 18 115  | 21 505   |
| 4 persons                                                                                           | 17 561         | 20 298      | 22 213 | 22 562  | 26 785   |
| 5 persons                                                                                           | 19 628         | 22 687      | 24 827 | 25 217  | 29 937   |
| 6 persons                                                                                           | 21 695         | 25 076      | 27 441 | 27 872  | 33 089   |
| 7 or more persons                                                                                   | 23 763         | 27 464      | 30 054 | 30 527  | 36 241   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |        |         |          |

Low income cutoffs (1992 base) 1992 to 2001 AFTER-TAX

| Size of family unit                                                                                 | Community size |             |         |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|---------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |         |         |          |
|                                                                                                     |                | Less than   | 30,000  | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to      | to      | and over |
|                                                                                                     |                | 99,999      | 499,999 |         |          |
| 1996                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 9 276          | 10 721      | 11 733  | 11 917  | 14 147   |
| 2 persons                                                                                           | 11 318         | 13 083      | 14 316  | 14 541  | 17 263   |
| 3 persons                                                                                           | 14 315         | 16 547      | 18 107  | 18 392  | 21 833   |
| 4 persons                                                                                           | 17 829         | 20 608      | 22 552  | 22 907  | 27 194   |
| 5 persons                                                                                           | 19 928         | 23 033      | 25 206  | 25 602  | 30 394   |
| 6 persons                                                                                           | 22 026         | 25 459      | 27 860  | 28 298  | 33 594   |
| 7 or more persons                                                                                   | 24 126         | 27 883      | 30 513  | 30 993  | 36 794   |
| 1997                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 9 426          | 10 894      | 11 923  | 12 110  | 14 376   |
| 2 persons                                                                                           | 11 501         | 13 294      | 14 547  | 14 776  | 17 542   |
| 3 persons                                                                                           | 14 546         | 16 814      | 18 400  | 18 689  | 22 186   |
| 4 persons                                                                                           | 18 117         | 20 941      | 22 916  | 23 277  | 27 633   |
| 5 persons                                                                                           | 20 250         | 23 405      | 25 613  | 26 016  | 30 885   |
| 6 persons                                                                                           | 22 382         | 25 870      | 28 310  | 28 755  | 34 137   |
| 7 or more persons                                                                                   | 24 516         | 28 333      | 31 006  | 31 494  | 37 388   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |         |         |          |

**Low income cutoffs (1992 base) 1992 to 2001 AFTER-TAX**

| Size of family unit                                                                                 | Community size |             |         |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|---------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |         |         |          |
|                                                                                                     |                | Less than   | 30,000  | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to      | to      | and over |
|                                                                                                     |                | 99,999      | 499,999 |         |          |
| 1998                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 9 514          | 10 995      | 12 034  | 12 223  | 14 510   |
| 2 persons                                                                                           | 11 608         | 13 418      | 14 682  | 14 913  | 17 705   |
| 3 persons                                                                                           | 14 681         | 16 970      | 18 571  | 18 863  | 22 392   |
| 4 persons                                                                                           | 18 285         | 21 136      | 23 129  | 23 493  | 27 890   |
| 5 persons                                                                                           | 20 438         | 23 623      | 25 851  | 26 258  | 31 172   |
| 6 persons                                                                                           | 22 590         | 26 110      | 28 573  | 29 022  | 34 454   |
| 7 or more persons                                                                                   | 24 744         | 28 596      | 31 294  | 31 787  | 37 735   |
| 1999                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 9 684          | 11 194      | 12 250  | 12 442  | 14 771   |
| 2 persons                                                                                           | 11 817         | 13 659      | 14 947  | 15 182  | 18 024   |
| 3 persons                                                                                           | 14 946         | 17 276      | 18 905  | 19 202  | 22 796   |
| 4 persons                                                                                           | 18 615         | 21 517      | 23 546  | 23 916  | 28 392   |
| 5 persons                                                                                           | 20 806         | 24 048      | 26 317  | 26 730  | 31 733   |
| 6 persons                                                                                           | 22 997         | 26 580      | 29 087  | 29 544  | 35 075   |
| 7 or more persons                                                                                   | 25 188         | 29 111      | 31 857  | 32 359  | 38 416   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |         |         |          |

**Low income cutoffs (1992 base) 1992 to 2001 AFTER-TAX**

| Size of family unit                                                                                 | Community size |             |        |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |        |         |          |
|                                                                                                     |                | Less than   | 30,000 | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to     | to      | and over |
|                                                                                                     |                |             | 99,999 | 499,999 |          |
| <b>2000</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 9 947          | 11 498      | 12 583 | 12 780  | 15 172   |
| 2 persons                                                                                           | 12 138         | 14 030      | 15 353 | 15 594  | 18 513   |
| 3 persons                                                                                           | 15 352         | 17 745      | 19 419 | 19 723  | 23 415   |
| 4 persons                                                                                           | 19 120         | 22 101      | 24 186 | 24 565  | 29 163   |
| 5 persons                                                                                           | 21 371         | 24 701      | 27 031 | 27 456  | 32 595   |
| 6 persons                                                                                           | 23 622         | 27 301      | 29 877 | 30 346  | 36 027   |
| 7 or more persons                                                                                   | 25 872         | 29 902      | 32 722 | 33 237  | 39 459   |
| <b>2001</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 10 201         | 11 791      | 12 904 | 13 107  | 15 559   |
| 2 persons                                                                                           | 12 448         | 14 388      | 15 745 | 15 992  | 18 986   |
| 3 persons                                                                                           | 15 744         | 18 198      | 19 915 | 20 227  | 24 013   |
| 4 persons                                                                                           | 19 609         | 22 665      | 24 804 | 25 192  | 29 908   |
| 5 persons                                                                                           | 21 917         | 25 332      | 27 722 | 28 157  | 33 428   |
| 6 persons                                                                                           | 24 225         | 27 999      | 30 640 | 31 122  | 36 948   |
| 7 or more persons                                                                                   | 26 533         | 30 666      | 33 558 | 34 087  | 40 468   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |        |         |          |

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**Tables : Low income cutoffs (1992 base) 1992 to 2001  
before tax**

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**Low income cutoffs (1992 base) 1992 to 2001 BEFORE-TAX**

| Size of family unit                                                                                 | Community size |             |        |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |        |         |          |
|                                                                                                     |                | Less than   | 30,000 | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to     | to      | and over |
|                                                                                                     |                |             | 99,999 | 499,999 |          |
| <b>1992</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 11 186         | 12 829      | 13 787 | 13 883  | 16 186   |
| 2 persons                                                                                           | 13 982         | 16 036      | 17 234 | 17 354  | 20 233   |
| 3 persons                                                                                           | 17 390         | 19 943      | 21 433 | 21 583  | 25 163   |
| 4 persons                                                                                           | 21 050         | 24 142      | 25 945 | 26 126  | 30 460   |
| 5 persons                                                                                           | 23 531         | 26 986      | 29 002 | 29 205  | 34 049   |
| 6 persons                                                                                           | 26 012         | 29 830      | 32 059 | 32 284  | 37 638   |
| 7 or more persons                                                                                   | 28 493         | 32 674      | 35 116 | 35 363  | 41 227   |
| <b>1993</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 11 390         | 13 063      | 14 039 | 14 137  | 16 482   |
| 2 persons                                                                                           | 14 238         | 16 329      | 17 549 | 17 671  | 20 603   |
| 3 persons                                                                                           | 17 708         | 20 308      | 21 825 | 21 978  | 25 623   |
| 4 persons                                                                                           | 21 435         | 24 583      | 26 419 | 26 604  | 31 017   |
| 5 persons                                                                                           | 23 961         | 27 479      | 29 532 | 29 739  | 34 671   |
| 6 persons                                                                                           | 26 487         | 30 375      | 32 645 | 32 874  | 38 326   |
| 7 or more persons                                                                                   | 29 014         | 33 271      | 35 758 | 36 009  | 41 981   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |        |         |          |

**Low income cutoffs (1992 base) 1992 to 2001 BEFORE-TAX**

| Size of family unit                                                                                 | Community size |             |              |               |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------------|---------------|----------|
|                                                                                                     | Rural areas    | Urban areas |              |               |          |
|                                                                                                     |                | Less than   | 30,000       | 100,000       | 500,000  |
|                                                                                                     |                | 30,000 *    | to<br>99,999 | to<br>499,999 | and over |
| 1994                                                                                                |                |             |              |               |          |
| 1 person                                                                                            | 11 410         | 13 086      | 14 063       | 14 162        | 16 511   |
| 2 persons                                                                                           | 14 263         | 16 357      | 17 579       | 17 702        | 20 639   |
| 3 persons                                                                                           | 17 739         | 20 343      | 21 863       | 22 016        | 25 668   |
| 4 persons                                                                                           | 21 472         | 24 626      | 26 465       | 26 650        | 31 071   |
| 5 persons                                                                                           | 24 003         | 27 527      | 29 583       | 29 791        | 34 731   |
| 6 persons                                                                                           | 26 533         | 30 428      | 32 702       | 32 931        | 38 393   |
| 7 or more persons                                                                                   | 29 064         | 33 329      | 35 820       | 36 072        | 42 054   |
| 1995                                                                                                |                |             |              |               |          |
| 1 person                                                                                            | 11 661         | 13 373      | 14 372       | 14 473        | 16 874   |
| 2 persons                                                                                           | 14 576         | 16 716      | 17 965       | 18 091        | 21 092   |
| 3 persons                                                                                           | 18 129         | 20 790      | 22 343       | 22 500        | 26 232   |
| 4 persons                                                                                           | 21 944         | 25 167      | 27 046       | 27 235        | 31 753   |
| 5 persons                                                                                           | 24 530         | 28 132      | 30 233       | 30 445        | 35 494   |
| 6 persons                                                                                           | 27 116         | 31 096      | 33 420       | 33 654        | 39 236   |
| 7 or more persons                                                                                   | 29 702         | 34 061      | 36 607       | 36 864        | 42 978   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |              |               |          |

**Low income cutoffs (1992 base) 1992 to 2001 BEFORE-TAX**

| Size of family unit                                                                                 | Community size |             |        |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |        |         |          |
|                                                                                                     |                | Less than   | 30,000 | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to     | to      | and over |
|                                                                                                     |                |             | 99,999 | 499,999 |          |
| 1996                                                                                                |                |             |        |         |          |
| 1 person                                                                                            | 11 839         | 13 577      | 14 591 | 14 694  | 17 132   |
| 2 persons                                                                                           | 14 799         | 16 971      | 18 239 | 18 367  | 21 414   |
| 3 persons                                                                                           | 18 406         | 21 107      | 22 684 | 22 844  | 26 633   |
| 4 persons                                                                                           | 22 279         | 25 551      | 27 459 | 27 651  | 32 238   |
| 5 persons                                                                                           | 24 905         | 28 562      | 30 695 | 30 910  | 36 036   |
| 6 persons                                                                                           | 27 530         | 31 571      | 33 930 | 34 168  | 39 835   |
| 7 or more persons                                                                                   | 30 156         | 34 581      | 37 166 | 37 427  | 43 634   |
| 1997                                                                                                |                |             |        |         |          |
| 1 person                                                                                            | 12 030         | 13 796      | 14 827 | 14 931  | 17 409   |
| 2 persons                                                                                           | 15 038         | 17 245      | 18 534 | 18 664  | 21 760   |
| 3 persons                                                                                           | 18 703         | 21 448      | 23 050 | 23 213  | 27 063   |
| 4 persons                                                                                           | 22 639         | 25 964      | 27 903 | 28 098  | 32 759   |
| 5 persons                                                                                           | 25 307         | 29 023      | 31 191 | 31 409  | 36 618   |
| 6 persons                                                                                           | 27 975         | 32 081      | 34 478 | 34 720  | 40 479   |
| 7 or more persons                                                                                   | 30 643         | 35 140      | 37 766 | 38 032  | 44 339   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |        |         |          |

**Low income cutoffs (1992 base) 1992 to 2001 BEFORE-TAX**

| Size of family unit                                                                                 | Community size |             |         |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|---------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |         |         |          |
|                                                                                                     |                | Less than   | 30,000  | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to      | to      | and over |
|                                                                                                     |                | 99,999      | 499,999 |         |          |
| 1998                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 12 142         | 13 924      | 14 965  | 15 070  | 17 571   |
| 2 persons                                                                                           | 15 178         | 17 405      | 18 706  | 18 837  | 21 962   |
| 3 persons                                                                                           | 18 877         | 21 647      | 23 264  | 23 429  | 27 315   |
| 4 persons                                                                                           | 22 849         | 26 205      | 28 162  | 28 359  | 33 063   |
| 5 persons                                                                                           | 25 542         | 29 293      | 31 481  | 31 701  | 36 958   |
| 6 persons                                                                                           | 28 235         | 32 379      | 34 798  | 35 043  | 40 855   |
| 7 or more persons                                                                                   | 30 928         | 35 467      | 38 117  | 38 385  | 44 751   |
| 1999                                                                                                |                |             |         |         |          |
| 1 person                                                                                            | 12 361         | 14 176      | 15 235  | 15 341  | 17 886   |
| 2 persons                                                                                           | 15 450         | 17 720      | 19 044  | 19 176  | 22 357   |
| 3 persons                                                                                           | 19 216         | 22 037      | 23 683  | 23 849  | 27 805   |
| 4 persons                                                                                           | 23 260         | 26 677      | 28 669  | 28 869  | 33 658   |
| 5 persons                                                                                           | 26 002         | 29 820      | 32 047  | 32 272  | 37 624   |
| 6 persons                                                                                           | 28 743         | 32 962      | 35 425  | 35 674  | 41 590   |
| 7 or more persons                                                                                   | 31 485         | 36 105      | 38 803  | 39 076  | 45 556   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |         |         |          |

**Low income cutoffs (1992 base) 1992 to 2001 BEFORE-TAX**

| Size of family unit                                                                                 | Community size |             |        |         |          |
|-----------------------------------------------------------------------------------------------------|----------------|-------------|--------|---------|----------|
|                                                                                                     | Rural areas    | Urban areas |        |         |          |
|                                                                                                     |                | Less than   | 30,000 | 100,000 | 500,000  |
|                                                                                                     |                | 30,000 *    | to     | to      | and over |
|                                                                                                     |                |             | 99,999 | 499,999 |          |
| <b>2000</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 12 696         | 14 561      | 15 648 | 15 757  | 18 371   |
| 2 persons                                                                                           | 15 870         | 18 201      | 19 561 | 19 697  | 22 964   |
| 3 persons                                                                                           | 19 738         | 22 635      | 24 326 | 24 497  | 28 560   |
| 4 persons                                                                                           | 23 892         | 27 401      | 29 448 | 29 653  | 34 572   |
| 5 persons                                                                                           | 26 708         | 30 629      | 32 917 | 33 148  | 38 646   |
| 6 persons                                                                                           | 29 524         | 33 857      | 36 387 | 36 642  | 42 719   |
| 7 or more persons                                                                                   | 32 340         | 37 085      | 39 857 | 40 137  | 46 793   |
| <b>2001</b>                                                                                         |                |             |        |         |          |
| 1 person                                                                                            | 13 021         | 14 933      | 16 048 | 16 160  | 18 841   |
| 2 persons                                                                                           | 16 275         | 18 666      | 20 060 | 20 200  | 23 551   |
| 3 persons                                                                                           | 20 242         | 23 214      | 24 948 | 25 123  | 29 290   |
| 4 persons                                                                                           | 24 502         | 28 101      | 30 200 | 30 411  | 35 455   |
| 5 persons                                                                                           | 27 390         | 31 412      | 33 758 | 33 995  | 39 633   |
| 6 persons                                                                                           | 30 278         | 34 722      | 37 317 | 37 579  | 43 811   |
| 7 or more persons                                                                                   | 33 166         | 38 033      | 40 875 | 41 163  | 47 988   |
| * Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000). |                |             |        |         |          |

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**Tables: Low income measures 1991 to 2000 After-tax**

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# Low income measures by family type, 1991 to 2000 AFTER-TAX

1991

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 9 954              | 13 936 | 16 922 | 19 908 | 22 894 | 25 880 |
| 2                | 13 936             | 16 922 | 19 908 | 22 894 | 25 880 | 28 867 |
| 3                | 17 917             | 20 903 | 23 890 | 26 876 | 29 862 |        |
| 4                | 21 899             | 24 885 | 27 871 |        |        |        |
| 5                | 25 880             | 28 867 |        |        |        |        |
| 6                | 29 862             |        |        |        |        |        |

1992

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 10 239             | 14 335 | 17 406 | 20 478 | 23 550 | 26 621 |
| 2                | 14 335             | 17 406 | 20 478 | 23 550 | 26 621 | 29 693 |
| 3                | 18 430             | 21 502 | 24 574 | 27 645 | 30 717 |        |
| 4                | 22 526             | 25 598 | 28 669 |        |        |        |
| 5                | 26 621             | 29 693 |        |        |        |        |
| 6                | 30 717             |        |        |        |        |        |

1993

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 10 096             | 14 134 | 17 163 | 20 192 | 23 221 | 26 250 |
| 2                | 14 134             | 17 163 | 20 192 | 23 221 | 26 250 | 29 278 |
| 3                | 18 173             | 21 202 | 24 230 | 27 259 | 30 288 |        |
| 4                | 22 211             | 25 240 | 28 269 |        |        |        |
| 5                | 26 250             | 29 278 |        |        |        |        |
| 6                | 30 288             |        |        |        |        |        |

# Low income measures by family type, 1991 to 2000 AFTER-TAX

1994

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 10 382             | 14 535 | 17 649 | 20 764 | 23 879 | 26 993 |
| 2                | 14 535             | 17 649 | 20 764 | 23 879 | 26 993 | 30 108 |
| 3                | 18 688             | 21 802 | 24 917 | 28 031 | 31 146 |        |
| 4                | 22 840             | 25 955 | 29 070 |        |        |        |
| 5                | 26 993             | 30 108 |        |        |        |        |
| 6                | 31 146             |        |        |        |        |        |

1995

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 10 537             | 14 752 | 17 913 | 21 074 | 24 235 | 27 396 |
| 2                | 14 752             | 17 913 | 21 074 | 24 235 | 27 396 | 30 557 |
| 3                | 18 967             | 22 128 | 25 289 | 28 450 | 31 611 |        |
| 4                | 23 181             | 26 343 | 29 504 |        |        |        |
| 5                | 27 396             | 30 557 |        |        |        |        |
| 6                | 31 611             |        |        |        |        |        |

1996

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 10 746             | 15 044 | 18 268 | 21 492 | 24 716 | 27 940 |
| 2                | 15 044             | 18 268 | 21 492 | 24 716 | 27 940 | 31 163 |
| 3                | 19 343             | 22 567 | 25 790 | 29 014 | 32 238 |        |
| 4                | 23 641             | 26 865 | 30 089 |        |        |        |
| 5                | 27 940             | 31 163 |        |        |        |        |
| 6                | 32 238             |        |        |        |        |        |

\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997, 1998 and 1999.

**Low income measures by family type, 1991 to 2000 AFTER-TAX**

**1997**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 11 005             | 15 407 | 18 709 | 22 010 | 25 312 | 28 613 |
| 2                | 15 407             | 18 709 | 22 010 | 25 312 | 28 613 | 31 915 |
| 3                | 19 809             | 23 111 | 26 412 | 29 714 | 33 015 |        |
| 4                | 24 211             | 27 513 | 30 814 |        |        |        |
| 5                | 28 613             | 31 915 |        |        |        |        |
| 6                | 33 015             |        |        |        |        |        |

**1998**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 11 442             | 16 019 | 19 451 | 22 884 | 26 317 | 29 749 |
| 2                | 16 019             | 19 451 | 22 884 | 26 317 | 29 749 | 33 182 |
| 3                | 20 596             | 24 028 | 27 461 | 30 893 | 34 326 |        |
| 4                | 25 172             | 28 605 | 32 038 |        |        |        |
| 5                | 29 749             | 33 182 |        |        |        |        |
| 6                | 34 326             |        |        |        |        |        |

**1999**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 11 960             | 16 744 | 20 332 | 23 920 | 27 508 | 31 096 |
| 2                | 16 744             | 20 332 | 23 920 | 27 508 | 31 096 | 34 684 |
| 3                | 21 528             | 25 116 | 28 704 | 32 292 | 35 880 |        |
| 4                | 26 312             | 29 900 | 33 488 |        |        |        |
| 5                | 31 096             | 34 684 |        |        |        |        |
| 6                | 35 880             |        |        |        |        |        |

\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997, 1998 and 1999.

**Low income measures by family type, 1991 to 2000 AFTER-TAX**

**2000**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 468             | 17 455 | 21 196 | 24 936 | 28 676 | 32 417 |
| 2                | 17 455             | 21 196 | 24 936 | 28 676 | 32 417 | 36 157 |
| 3                | 22 442             | 26 183 | 29 923 | 33 664 | 37 404 |        |
| 4                | 27 430             | 31 170 | 34 910 |        |        |        |
| 5                | 32 417             | 36 157 |        |        |        |        |
| 6                | 37 404             |        |        |        |        |        |

**\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997, 1998 and 1999.**

**Tables: Low income measures 1991 to 2000 before-tax**

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# Low income measures by family type, 1991 to 2000 BEFORE-TAX

1991

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 11 947             | 16 726 | 20 310 | 23 894 | 27 478 | 31 062 |
| 2                | 16 726             | 20 310 | 23 894 | 27 478 | 31 062 | 34 646 |
| 3                | 21 505             | 25 089 | 28 673 | 32 257 | 35 841 |        |
| 4                | 26 283             | 29 868 | 33 452 |        |        |        |
| 5                | 31 062             | 34 646 |        |        |        |        |
| 6                | 35 841             |        |        |        |        |        |

1992

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 178             | 17 049 | 20 703 | 24 356 | 28 009 | 31 663 |
| 2                | 17 049             | 20 703 | 24 356 | 28 009 | 31 663 | 35 316 |
| 3                | 21 920             | 25 574 | 29 227 | 32 881 | 36 534 |        |
| 4                | 26 792             | 30 445 | 34 098 |        |        |        |
| 5                | 31 663             | 35 316 |        |        |        |        |
| 6                | 36 534             |        |        |        |        |        |

1993

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 011             | 16 815 | 20 419 | 24 022 | 27 625 | 31 229 |
| 2                | 16 815             | 20 419 | 24 022 | 27 625 | 31 229 | 34 832 |
| 3                | 21 620             | 25 223 | 28 826 | 32 430 | 36 033 |        |
| 4                | 26 424             | 30 028 | 33 631 |        |        |        |
| 5                | 31 229             | 34 832 |        |        |        |        |
| 6                | 36 033             |        |        |        |        |        |

# **Low income measures by family type, 1991 to 2000 BEFORE-TAX**

**1994**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 299             | 17 219 | 20 908 | 24 598 | 28 288 | 31 977 |
| 2                | 17 219             | 20 908 | 24 598 | 28 288 | 31 977 | 35 667 |
| 3                | 22 138             | 25 828 | 29 518 | 33 207 | 36 897 |        |
| 4                | 27 058             | 30 748 | 34 437 |        |        |        |
| 5                | 31 977             | 35 667 |        |        |        |        |
| 6                | 36 897             |        |        |        |        |        |

**1995**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 532             | 17 545 | 21 304 | 25 064 | 28 824 | 32 583 |
| 2                | 17 545             | 21 304 | 25 064 | 28 824 | 32 583 | 36 343 |
| 3                | 22 558             | 26 317 | 30 077 | 33 836 | 37 596 |        |
| 4                | 27 570             | 31 330 | 35 090 |        |        |        |
| 5                | 32 583             | 36 343 |        |        |        |        |
| 6                | 37 596             |        |        |        |        |        |

**1996**

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 652             | 17 713 | 21 508 | 25 304 | 29 100 | 32 895 |
| 2                | 17 713             | 21 508 | 25 304 | 29 100 | 32 895 | 36 691 |
| 3                | 22 774             | 26 569 | 30 365 | 34 160 | 37 956 |        |
| 4                | 27 834             | 31 630 | 35 426 |        |        |        |
| 5                | 32 895             | 36 691 |        |        |        |        |
| 6                | 37 956             |        |        |        |        |        |

**\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997 and 1998.**

# Low income measures by family type, 1991 to 2000 BEFORE-TAX

1997

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 12 987             | 18 182 | 22 078 | 25 974 | 29 870 | 33 766 |
| 2                | 18 182             | 22 078 | 25 974 | 29 870 | 33 766 | 37 662 |
| 3                | 23 377             | 27 273 | 31 169 | 35 065 | 38 961 |        |
| 4                | 28 571             | 32 468 | 36 364 |        |        |        |
| 5                | 33 766             | 37 662 |        |        |        |        |
| 6                | 38 961             |        |        |        |        |        |

1998

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 13 606             | 19 048 | 23 130 | 27 212 | 31 294 | 35 376 |
| 2                | 19 048             | 23 130 | 27 212 | 31 294 | 35 376 | 39 457 |
| 3                | 24 491             | 28 573 | 32 654 | 36 736 | 40 818 |        |
| 4                | 29 933             | 34 015 | 38 097 |        |        |        |
| 5                | 35 376             | 39 457 |        |        |        |        |
| 6                | 40 818             |        |        |        |        |        |

1999

| Number of adults | Number of children |        |        |        |        |        |
|------------------|--------------------|--------|--------|--------|--------|--------|
|                  | 0                  | 1      | 2      | 3      | 4      | 5      |
| 1                | 14 088             | 19 723 | 23 950 | 28 176 | 32 402 | 36 629 |
| 2                | 19 723             | 23 950 | 28 176 | 32 402 | 36 629 | 40 855 |
| 3                | 25 358             | 29 585 | 33 811 | 38 038 | 42 264 |        |
| 4                | 30 994             | 35 220 | 39 446 |        |        |        |
| 5                | 36 629             | 40 855 |        |        |        |        |
| 6                | 42 264             |        |        |        |        |        |

\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997 and 1998.

# **Low income measures by family type, 1991 to 2000 BEFORE-TAX**

**2000**

| <b>Number of adults</b> | <b>Number of children</b> |          |          |          |          |          |
|-------------------------|---------------------------|----------|----------|----------|----------|----------|
|                         | <b>0</b>                  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>1</b>                | 14 734                    | 20 628   | 25 048   | 29 468   | 33 888   | 38 308   |
| <b>2</b>                | 20 628                    | 25 048   | 29 468   | 33 888   | 38 308   | 42 729   |
| <b>3</b>                | 26 521                    | 30 941   | 35 362   | 39 782   | 44 202   |          |
| <b>4</b>                | 32 415                    | 36 835   | 41 255   |          |          |          |
| <b>5</b>                | 38 308                    | 42 729   |          |          |          |          |
| <b>6</b>                | 44 202                    |          |          |          |          |          |

**\* The low income measures have been updated to take into account revisions in the income data for 1996, 1997 and 1998.**

## **On poverty and Low income**

The author of this article is Ivan P. Fellegi, Chief Statistician of Canada

Recently the news media have provided increasing coverage of Statistics Canada's low income cutoffs and their relationship to the measurement of poverty. At the heart of the debate is the use of the low income cutoffs as poverty lines, even though Statistics Canada has clearly stated, since their publication began over 25 years ago, that they are not. The high profile recently given to this issue has presented Statistics Canada with a welcome opportunity to restate its position on these issues.

Many individuals and organizations both in Canada and abroad understandably want to know how many people and families live in "poverty", and how these levels change. Reflecting this need, different groups have at different times developed various measures which purported to divide the population into those who were poor and those who were not.

In spite of these efforts, there is still no internationally-accepted definition of poverty - unlike measures such as employment, unemployment, gross domestic product, consumer prices, international trade and so on. This is not surprising, perhaps, given the absence of an international consensus on what poverty is and how it should be measured. Such consensus preceded the development of all other international standards.

The lack of an internationally-accepted definition has also reflected indecision as to whether an international standard definition should allow comparisons of well-being across countries compared to some international norm, or whether poverty lines should be established according to the norms within each country.

The proposed poverty lines have included, among others, relative measures (you are poor if your means are small compared to others in your population) and absolute measures (you are poor if you lack the means to buy a specified basket of goods and services designated as essential). Both approaches involve judgmental and, hence, ultimately arbitrary choices.

In the case of the relative approach, the fundamental decision is what fraction of the overall average or median income constitutes poverty. Is it one-half, one-third, or some other proportion? In the case of the absolute approach, the number of individual judgements required to arrive at a poverty line is far larger. Before anyone can calculate the minimum income needed to purchase the "necessities" of life, they must decide what constitutes a "necessity" in food, clothing, shelter and a multitude of other purchases, from transportation to reading material.

The underlying difficulty is due to the fact that poverty is intrinsically a question of social consensus, at a given point in time and in the context of a given country. Someone acceptably well off in terms of the standards in a developing country might well be considered desperately poor in Canada. And even within the same country, the outlook changes over time. A standard of living considered as acceptable in the previous century might well be viewed with abhorrence today.

It is through the political process that democratic societies achieve social consensus in domains that are intrinsically judgmental. The exercise of such value judgements is certainly not the proper role of Canada's national statistical agency which prides itself on its objectivity, and whose credibility depends on the exercise of that objectivity.

In Canada, the Federal/Provincial/Territorial Working Group on Social Development Research and Information was established to create a method of defining and measuring poverty. This group, created by Human Resources Development Canada and social services ministers in the various jurisdictions,

has proposed a preliminary market basket measure of poverty - a basket of market-priced goods and services. The poverty line would be based on the income needed to purchase the items in the basket.

Once governments establish a definition, Statistics Canada will endeavour to estimate the number of people who are poor according to that definition. Certainly that is a task in line with its mandate and its objective approach. In the meantime, Statistics Canada does not and cannot measure the level of "poverty" in Canada.

For many years, Statistics Canada has published a set of measures called the low income cutoffs. We regularly and consistently emphasize that these are quite different from measures of poverty. They reflect a well-defined methodology which identifies those who are substantially worse off than the average. Of course, being significantly worse off than the average does not necessarily mean that one is poor.

Nevertheless, in the absence of an accepted definition of poverty, these statistics have been used by many analysts to study the characteristics of the relatively worst off families in Canada. These measures have enabled us to report important trends, such as the changing composition of this group over time. For example, 20 to 30 years ago the elderly were by far the largest group within the "low income" category, while more recently lone-parent families headed by women have grown in significance.

Many people both inside and outside government have found these and other insights to be useful. As a result, when Statistics Canada carried out a wide-ranging public consultation a decade ago, we were almost unanimously urged to continue to publish our low income analyses. Furthermore, in the absence of a generally accepted alternative methodology, the majority of those consulted urged us to continue to use our present definitions.

In the absence of politically-sanctioned social consensus on who should be regarded as "poor", some people and groups have been using the Statistics Canada low-income lines as a de facto definition of poverty. As long as that represents their own considered opinion of how poverty should be defined in Canada, we have no quarrel with them: all of us are free to have our own views. But they certainly do not represent Statistics Canada's views about how poverty should be defined.

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